

7 March 2024

## Commissioned research: Relais Group Oyj – 11% adjusted EBITA miss driven likely by soft lighting sales – dividend proposal above expectations

*Marketing material commissioned by Relais Group Oyj*

Relais reported Q4 adjusted EBITA of EUR 7.8m, 11% below LSEG Data & Analytics consensus and 12% below our estimate. Organic sales growth was 1% y/y in Q4, slightly below our expectation of 4%. Net sales were EUR 80.9m (up 8% y/y), 2% below consensus expectations. FX had a negative impact of EUR 0.2m on EBITA level due to weak SEK. Q4 sales declined 1% organically in repair and maintenance while technical wholesale and products business declined 2% on organic basis. Relais has continued to strengthen its market position in repair and maintenance business both in Finland and Sweden. Lighting sales declined 8% y/y on comparable exchange rates. Sales increased 18% y/y in Scandinavia, while sales were down 3% y/y in Finland-Baltics, reflecting acquisitions and a weaker market in Finland. Lighting sales were burdened by weak consumer demand for discretionary products, especially visible in the on-line channels. Gross margin came 250bp below consensus expectations and was down 120bp y/y to 43.6%. We believe this mainly relates to weaker-than-anticipated lighting sales. EPS of EUR 0.35 came above consensus expectation of EUR 0.27, supported by positive exchange rate differences related to SEK denominated interest-bearing loans and internal loan receivables, and taxes. Dividend proposal of EUR 0.44 is above consensus at EUR 0.41 set to be paid in two instalments. Operating cash flow declined y/y as expected and was EUR 8.4m (EUR 17.2m a year ago, supported by net working capital). Inventories were up 9% y/y, driven by acquisitions, and the company notes good level of inventories. Relais does not give short-term outlook for 2024. On initial take, we believe consensus to trim 2024E-25E EBITA by some 3-5%.

**RELAIS GROUP OYJ: DEVIATION TABLE**

EURm	Actual	NDA est.	Deviation		Consensus	Deviation		Actual	Actual		
	Q4 2023	Q4 2023E	vs. actual		Q4 2023E	vs. actual	Q3 2023	q/q	Q4 2022	y/y	
<b>Sales</b>	<b>80.9</b>	<b>83.1</b>	<b>-2</b>	<b>-3%</b>	<b>82.5</b>	<b>-2</b>	<b>-2%</b>	<b>70.3</b>	<b>15%</b>	<b>75.2</b>	<b>8%</b>
Gross profit	35.3	38.2	-2.9	-8%	38	-2.7	-7%	32.3	9%	33.7	
<b>Gross margin</b>	<b>43.6%</b>	<b>46.0%</b>		<b>-2.4pp</b>	<b>46.1%</b>		<b>-2.5pp</b>	<b>45.9%</b>	<b>-2.3pp</b>	<b>44.8%</b>	<b>-1.2pp</b>
<b>Adj. EBITA</b>	<b>7.8</b>	<b>8.8</b>	<b>(1.0)</b>		<b>8.8</b>	<b>-1.0</b>	<b>-11%</b>	<b>8.6</b>	<b>-9%</b>	<b>7.9</b>	<b>-1%</b>
Adj. EBITA margin	9.6%	10.6%	-1.0pp		10.7%	-1.0pp		12.2%	-2.6pp	10.5%	-0.9pp
EBITA	7.8	8.8	-1.0	-12%	8.8	-1.0	-11%	8.4	-7%	6.2	26%
EBITA margin	9.6%	10.6%	-1.0pp		10.7%	-1.0pp		11.9%	-2.3pp	8.2%	1.4pp
EBIT	7.0	8.0	-1.0	-12%	8.0	-1.0	-13%	7.5	-8%	5.3	31%
EBIT margin	8.6%	9.6%	-1.0pp		9.7%	-1.1pp		10.7%	-2.1pp	7.1%	1.6pp
PTP	6.1	6.1	0.0	0%	6.5	-0.4	-7%	6.0	1%	3.7	65%
EPS	0.35	0.27	28%		0.27	0.08	30%	0.23		0.20	
DPS	0.44	0.40	10%		0.41	0.04	7%			0.36	22%
<b>Sales split</b>											
Equipment	16.0	14.7	1.3	9%				13.3	20%	9.5	68%
Lighting	19.5	21.3	-1.7	-8%				15.6	25%	21.9	-11%
Spare parts	22.4	23.0	-0.6	-3%				20.7	8%	19.9	12%
Repair and maintenance	23.1	24.2	-1.1	-5%				21.4	8%	23.6	-2%
Other	0.0	0.0	0.0					-0.8	-101%	0.2	-97%

Source: Company data, LSEG Data & Analytics and Nordea estimates

Relais will arrange a webcast with CEO and CFO at 10:00 CET, which can be followed through link: <https://relais.videosync.fi/q4-2023>

**SUMMARY TABLE - KEY FIGURES**

EURm	2020	2021	2022	2023E	2024E	2025E
Total revenue	129	238	261	286	311	322
EBITDA (adj)	19	39	39	45	50	54
EBIT (adj)	11	26	22	26	31	35
EBIT (adj) margin	8.6%	10.8%	8.6%	9.2%	9.8%	10.8%
EPS (adj, EUR)	0.39	0.91	0.69	0.69	0.94	1.14
EPS (adj) growth	31.5%	133.9%	-24.2%	-0.3%	36.9%	21.8%
DPS (ord, EUR)	0.30	0.36	0.40	0.40	0.46	0.52
EV/Sales	2.3	2.7	1.3	1.3	1.2	1.1
EV/EBIT (adj)	26.3	24.6	14.9	14.5	12.3	10.4
P/E (adj)	37.9	29.0	14.8	18.6	13.6	11.2
P/BV	3.7	4.8	1.8	2.2	2.0	1.8
Dividend yield (ord)	2.0%	1.4%	3.9%	3.1%	3.6%	4.1%
FCF Yield bef A&D, lease adj	6.0%	0.5%	9.4%	7.3%	6.4%	9.2%
Net debt	28	140	143	143	137	123
Net debt/EBITDA	1.5	3.9	3.9	3.2	2.7	2.3
ROIC after tax	8.6%	11.5%	7.0%	8.3%	9.7%	11.0%

Source: Company data and Nordea estimates

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